

NSC BRIEFING

10 August 1954

INDOCHINA SITUATION

I. Increasing evidence that Viet Minh will have all but formal control in "retained-Vietnam" long before scheduled elections.

A. Lack competition in popular appeal ( or forthright control) between highly-organized, confident Viet Minh and inexperienced Diem government shown by French opinion sample in Saigon:

1. In one long-established print-shop, all but 10 of 250 good-salaried employees would unhesitatingly vote for Ho, as "national hero."

B. Aside from any question genuine popularity, Viet Minh taking direct action.

1. Reportedly setting up shadow governments in southern villages; boasting they will be in Saigon in six months.

C. Diem government, in trying to win support, faced with almost insuperable tasks.

1. Foreign minister told our ambassador his main task at present to gain support of warlord groups in Cochinchina. But warlords standing pat.

2. Nationalists want to dump Bao Dai, as liability, but Diem reluctant, since might raise question his government's legitimacy.

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D. French official in Saigon summarizes Diem's probable future: "courageous, virtuous and rapid collapse."

II. French appear not at all displeased by this prospect.

A. French policy <sup>get</sup> most possible out of Indochina, (US aid, commercial assets); give up minimum-- apparently unchanged.

B. French army is sole basis stability in south: threat to withdraw gives them whip-hand over any Vietnam government.

C. French may be flirting with possibility continued "presence" even under Viet Minh.

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possible major weakness in Viet Minh's popular appeal.

- A. [ ] several Chinese Communist units in  
battalion strength--probably from Dien Bien Phu--  
now in south delta.
- B. [ ] alleged units looting, raping.
- C. [ ] unverifiable rumors of  
much larger Chinese units northwest of delta,  
who have fought Viet Minh units, caused dissension  
in high command.
- D. Main significance of report is fact that if such  
rumors flow freely, Vietnamese peoples' long-  
standing hatred of Chinese will be fanned, Viet  
Minh's reputation damaged.
- E. As yet no evidence Vietnamese government attempting  
exploit this sore point.

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